The opinion in support of the decision being entered today was not written for publication and is not binding precedent of the Board.

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte STUART SERKIN,
JOHN MALITZIS,
RICHARD G. KETCHUM,
and PETER MARYTN

Appeal No. 2005-1852
Application 09/401,892

ON BRIEF

Before JERRY SMITH, BARRETT, and NAPPI, Administrative Patent Judges.

BARRETT, Administrative Patent Judge.

DECISION ON REQUEST FOR REHEARING

Appellants filed a request for rehearing (pages referred to as "RR__") received January 9, 2006, for reconsideration of our decision (pages referred to as "D__") entered November 16, 2005, in which we affirmed the rejection of claims 1-7, 9-15, 17-19, 21, and 22, and reversed the rejection of claims 8, 16, and 20.

The request for rehearing has been considered, but is denied with respect to making any changes in our decision.

DISCUSSION

Appellants only request rehearing of Group I (claims 1, 9, and 10) and Group III (claims 3, 5, 12, and 13). Claim 1 was selected as representative of Group I (Br8) and claim 3 was selected as representative of Group III (Br13).

Group I: claims 1, 9, and 10

The examiner finally rejected claims 1-22 as unpatentable over Federal Register and Biais. In our original decision, we noted that "[t]he subject matter is in an esoteric area of securities and stock exchange business methods with which we are unfamiliar and, thus, we proceed cautiously before reversing the rejection" (D7). Based on our interpretation of the Federal Register, we affirmed the obviousness rejection of claims 1-7, 9-15, 17-19, 21, and 22 over Federal Register alone (D7-8). Since an explanation was presented as to why we considered the "marketable limit order" to read on the Trade option in the Trade-or-Move Message, we maintained the rejection under § 103 rather than change it to § 102, although the only "difference" is one of claim terminology. We found that Biais did not teach formatting quotes as marketable limit orders, as found by the examiner, and did not help the rejection (D9-10).

In our original decision, we found that the Trade option in the Trade-or-Move Message appeared to be a "marketable limit

order" and that, if not, appellants were in the best position to explain why not (D7-8):

> It is not clear why the Trade option of the Trade-or-Move Message is not, in effect, considered a "marketable limit order" by one of ordinary skill in the art because we understand a marketable limit order to be an order that upon its receipt is executable, and the Trade option of the Trade-or-Move message is certainly executable. . . . Appellants are in the best position to explain why one of ordinary skill in the securities and stock exchange art would not consider the Trade option in Federal Register to be the same as formatting of the bid (ask) quotation into a marketable limit order and how the locked/crossed system of the SuperMontage proposal differs from the Federal Register.

We found that the Trade-or-Move Message is sent (i.e., routed) to the market maker whose quote is locked or crossed (D7) and "[t]he Trade-or-Move Messages must inherently be formatted" (D8). We also stated (D8): "[C]laim 9 recites that the 'marketable limit order' is entered as a 'marketable liability order,' which implies that a marketable liability order is a type of marketable limit order, and appellants state that 'Federal Register (reporting on proposed changes to the Nasdaq Stock Market) certainly teaches marketable liability orders' (Br16), which suggests that Federal Register teaches marketable limit orders."

Appellants respond that "[t]he effects of the Trade-or-Move Message are different than those of 'formatting the quote as a

marketable limit order and routing the formatted order to a market participant whose quote was locked or crossed'" (RR3). Appellants argue (RR3-4):

> Claim 1 is specifically directed to a method of handling quotes in a market by formatting the quote as a marketable limit order and routing the formatted order to a market participant whose quote was locked or crossed. In contrast to Federal Register, where the participant must send the Trade-or-Move Message to the participant whose quote is locked or crossed no such need exists in claim 1, since Claim 1 requires formatting and routing in the market. So in contrast to Trade-or-Move, which requires input from each of the market participants, claim 1 merely has the market format the quote as an [sic] market limit order and route the formatted order to a market participant whose quote was locked or crossed. Although the outcome may be the same or similar in some circumstances (e.g., when a trade option is used in the Trade-or-Move), the manner in which the outcome is reached is substantially different. The advantages of the technique of claim 1 include more orderly management of the market, since it does not rely upon the participants to make decisions and to exchange the Trade or Move messages, thus providing a more orderly opening from the market." (RR3).

These arguments do not answer the specific question raised in our opinion: Why would one of ordinary skill in the securities and stock exchange art determine that the Trade option in the Trade-or-Move Message is not a "marketable limit order"? We have very little knowledge in this esoteric art, but we stated our reasons (at D7-8) why it appeared that the Trade option could be considered a "marketable limit order" and we basically invited appellants to provide an explanation of why this was wrong. Appellants do not seem to deny that the Trade option could be considered a form of "marketable limit order." Nor do appellants

explain why Federal Register does not teach a "marketable limit order" when it is admitted that "Federal Register . . . certainly teaches marketable liability orders" (Br16) and claim 9 indicates that a marketable liability order is a form of marketable limit order. The arguments appear to focus on the Trade-or-Move Message rather than just the Trade option and also on disclosed (but unclaimed) differences. The arguments that the effects of a Trade-or-Move Message are different than claim 1, and that appellants' disclosed system may have certain advantages, does not explain why the broad claim language of a "marketable limit order" is not met by the Trade option. Claim 1 does not preclude other actions or options (e.g., the Move option) from taking place in addition to what is claimed. Appellants' argument that claim 1 only requires formatting and routing in the market, and does not require sending a Trade-or-Move Message to the participant whose quote is locked or crossed as in Federal Register, does not explain why the Trade option is not a "marketable limit order." If the Trade option is a "marketable limit order," then it is inherently "formatted" because "formatted" is a very broad term and everything sent electronically must be formatted in some way, and sending the Trade-or-Move Message with a Trade option to a market maker whose quotes are being locked or crossed is the same as the claimed limitation of "routing . . . to a market participant whose quote

was locked or crossed." Appellants' arguments do not convince us of any error in our decision.

In our decision, we found that "[t]he Trade-or-Move Messages must inherently be formatted" (D8). Appellants argue (RR4):

> This mere conclusion fails to address why one of skill in the art would have been motivation [sic] to modify the teachings of Federal Register to format the quote as an order and route to a market participant, and improperly relies upon an inherency argument in the context of an obviousness rejection. "The concept of inherency is not applicable to the question of obviousness." *In re Sporman* [sic, *Spormann*] 363 F.2d 444, 150 USPQ 449 (CCPA 1965).

Spormann does not contain the language quoted above. "The inherent teaching of a prior art reference, a question of fact, arises both in the context of anticipation and obviousness." In re Napier, 55 F.3d 610, 613, 34 USPQ2d 1782, 1784 (Fed. Cir. 1985) (affirming obviousness rejection which included the finding that sound waves were inherently refracted in a prior art reference). The rejection does not rely on modification of an inherent property where it would need to be shown that the property was known to one skilled in the art. Appellants do not attempt to define what is meant by "formatted" or to explain why the Trade-or-Move Message in Federal Register is not formatted.

In conclusion, appellants have failed to demonstrate error in our decision. The request to reverse our rejection of claims 1, 9, and 10 has been considered but is denied.

Group III: claims 3, 5, 12, and 13

Appellants argue that we overlooked the time aspect in claim 3 (RR6):

> A marketable limit order is a priced order that possesses time priority, as disclosed in the specification and as would be known by one of ordinary skill in the art. As with other marketable limit orders they are executed according to a price-time priority. Non-directed orders are placed in a queue and when next in queue are executed. (Appellant's specification page 19). The "trade option" of the Trade-or-Move Message has no such time priority, but rather is sent to the market maker whose quote was locked or crossed. No aspect of the Trade-or-Move message suggests the time priority aspect of routing, namely that routing of the formatted order is to the market participant next in time whose quote would be locked if the quote is entered in the system. Accordingly, claim 3 is neither described nor suggested by Federal Register.

It is true that we did not specifically address the "next in time" limitation or whether marketable limit orders have time priority, but this is because appellants did not specifically argue these aspects of claim 3. Appellants only repeated the limitations of claim 3 and argued that "[t]he references taken together do not suggest routing of formatted orders depending on whether a locked (claims 3 and 12) or crossed (claims 4 and 13) condition exists" (Br13), which has nothing to do with the "next in time" limitation. We addressed the arguments presented in the briefs. Any request for rehearing is limited to arguments made in the briefs and new arguments will not be considered. See 37 CFR § 41.52(a)(1) ("Arguments not raised in the briefs before the Board and evidenced not previously relied upon in the brief and

any reply brief(s) are not permitted in the request for rehearing except as permitted by paragraphs (a)(2) and (a)(3) of this section."); Ex parte Hindersinn, 177 USPQ 78, 80 (Bd. App. 1971) (argument advanced in petition for reconsideration not advanced in the brief or the reply brief are not properly before us); cf. Pentax Corp. v. Robison, 135 F.3d 760, 762 (Fed. Cir. 1998) (citing cases supporting the proposition that issues not raised before the court are not addressed on rehearing). Appellants' arguments raise several questions of how to define the claim terminology which should have been presented earlier. Appellants have failed to show that we overlooked or misapprehended any arguments that were actually presented in the briefs. The request to reverse our rejection of claims 3, 5, 12, and 13 has been considered but is denied.

CONCLUSION

The request for rehearing has been considered, but is denied with respect to making any changes in our decision.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 CFR § 1.136(a)(1)(iv) (2004).

DENIED

Jerry Smith JERRY SMITH Administrative Patent Judge	)
Lee E. Barrett LEE E. BARRETT Administrative Patent Judge	) BOARD OF PATENT APPEALS AND INTERFERENCES
ROBERT E. NAPPI Administrative Patent Judge	)

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